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The Honorable Donald L. Evans
Secretary of Commerce
U.S. Department of Commerce
International Trade Administration
Central Records Unit, Room 1870
14th and Constitution Avenue, N.W.
Washington, D.C. 20230

Attn: Albert Hsu and George Smolik

**Re: *Comments on the Requests for Market Economy Status
for the Republic of Kazakhstan--Antidumping Duty
Investigation of Silicomanganese From Kazakhstan (A-
834-807)***

Dear Secretary Evans:

On behalf of DHL International Kazakhstan (Part of DHL Worldwide Express Group) we are submitting the following in response to the Notice published in the Federal Register on November 9, 2001 inviting comments on Kazakhstan's non-market economy ("NME") status.

Закрытое Акционерное Общество
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Based on the actual experience of our company in Kazakhstan, and for the reasons discussed more fully below, DHL International Kazakhstan supports the requests by the Government of Kazakhstan and Kazchrome for revocation of Kazakhstan's NME status under section 771(18) of the Tariff Act of 1930, as amended ("the Act").

We understand that the Department of Commerce ("Department") considers six factors, listed in Section 771(18)(B) of the Act, in determining whether a country's NME status should be revoked:

- (i) the extent to which Kazakhstan's currency is convertible into the currency of other countries;
- (ii) the extent to which wage rates in Kazakhstan are determined by free bargaining between labor and management;
- (iii) the extent to which joint ventures or other investments by non-Kazakh firms are permitted in Kazakhstan;
- (iv) the extent of government ownership or control of the means of production;
- (v) the extent of government control over the allocation of resources and over the price and output decisions of enterprises; and
- (vi) such other factors as the Department considers appropriate.

Further, we note that the Department may revoke a country's NME status even if that country has not achieved ideal market economy conditions. Based on recent precedent, the Department

has declared that "complete *laissez faire* or a perfectly competitive market economy is not the applicable standard."¹

The company's experiences in Kazakhstan indicate that the Government and country have made remarkable progress during the ten years since independence in establishing the conditions of a market economy. While we remain hopeful that additional improvements will be made, our actual business experience in Kazakhstan attests to the fact that the market-based transition has progressed to an extent that satisfies the Department's standard and warrants revocation of the outdated classification of Kazakhstan as a non-market economy country.

1. General description of the company's business activities in Kazakhstan:

- DHL International Kazakhstan has first commenced the business in Kazakhstan in 1994;
- Since the start of the business DHL has build a reliable network allowing to deliver and pick-up shipments on the territory of Kazakhstan. DHL has set up a number of branches in Kazakhstan and in particularly in Astana, Atyrau, Aktau, Aktobe, Aksay, Karaganda, Ust-Kamenogorsk, Semey.
- DHL International Kazakhstan plans to develop its network in the territory and for this purpose to invest USD 300,000 in 2002 and USD 500,000 in 2003.

2. Experiences with Kazakhstan's currency:

¹ See Memorandum to Robert S. LaRussa, *Antidumping Investigation of Certain Small Diameter Carbon and Alloy Seamless Standard Line and Pressure Pipe from the Czech Republic: Non-Market-Economy ("NME") Country Status* (November 29, 1999) at 16. See Tab 3; see also Memorandum to Troy Cribb, *Antidumping Duty Investigation of Certain Steel Concrete Reinforcing Bars From Latvia - Request for Market Economy Status* (January 10, 2001) at 20. See Tab 4; Memorandum to Robert S. LaRussa, *Antidumping Duty Determinations on Cold-Rolled Carbon-Quality Steel Products from the Slovak Republic - Market vs. Non-Market Economy Analysis* (October 13, 1999) at 14. See Tab 5.

- For the past years DHL International Kazakhstan has been able to open and maintain accounts in foreign currency without any particular difficulties;
- The exchange rate has been fairly stable in recent years.

3. The atmosphere for foreign investment:

- The climate for foreign investors is rather positive in Kazakhstan. The legislation does not create any particular barriers to foreign investors in setting up the company, getting it started, there are no special requirement for the accounting standards to foreign investors or special taxes applied.
- To our opinion the licensing law in Kazakhstan is flexible comparing to the same laws in other former Soviet Union countries. This opinion is based on a fact that during the recent years DHL International Kazakhstan was not required to get any special licenses or permissions for conducting its main activities whereas in other counties of the former Soviet Union our entities were forced and in some are still forced to get postal licenses. To our opinion the Kazakhstan officials pretty well understand our business and take fair approach of licensing requirement.

4. Price liberalization in Kazakhstan:

- All the prices for the goods and services purchased by DHL International Kazakhstan are the result of negotiations and to our knowledge never been dictated or otherwise influenced by the Government.
- DHL International Kazakhstan during its work in Kazakhstan has never been in a relations where the Government would dictate or otherwise try to influence the

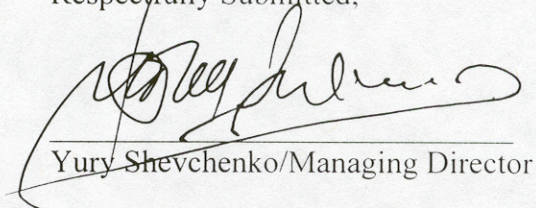
tariffs we offer to our customers, none of the state institutions being our customers tried to negotiate the tariff using its "state" status.

We strongly believe that Kazakhstan economy will continue growing and the Government will support foreign investment programmes allowing no return to the planned economy of the Soviet Union times.

This document has been served in accordance with the attached certificate of service.

Please do not hesitate to contact the undersigned should you have any questions.

Respectfully Submitted,



Yury Shevchenko/Managing Director

cc: **General Manager CIS**
Garry Kemp